IN THE HIGH COURT OF GUJARAT AT AHMEDABAD

CIVIL REVISION APPLICATION No 102 of 2001

For Approval and Signature:

Hon'ble MR.JUSTICE A.L.DAVE

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1. Whether Reporters of Local Papers may be allowed to see the judgements? : YES

2. To be referred to the Reporter or not? : YES

3. Whether Their Lordships wish to see the fair copy of the judgement? : NO

4. Whether this case involves a substantial question of law as to the interpretation of the Constitution of India, 1950 of any Order made thereunder? : NO

5. Whether it is to be circulated to the Civil Judge? : NO

RAJEEV INDRAVADAN MODI

Versus

INSTANCE LABORATORIES PVT.LTD.

Appearance:

MR BJ SHELAT with MR YJ TRIVEDI for Petitioners

MR SN SHELAT AND MR MIHIR THAKORE, SR. COUNSELF FOR SINGHI & CO for Respondents.

CORAM : MR.JUSTICE A.L.DAVE

Date of decision: 23/01/2001

ORAL ORDER

1. This is a revision application preferred by the revisioners, who are the original plaintiffs in Civil Suit No.11 of 2000 pending in District Court, at

Vadodara. That suit is preferred by the plaintiffs alleging infringement of registered patent No.183097 dated March 19, 1998, possessed by the plaintiffs by the defendants. In that suit, application for interim injunction was tendered and the learned Assistant Judge, Vadodara, granted ad-interim injunction in favour of the plaintiffs against the defendants. The defendants, in reply to the said application, filed an affidavit in reply, at Ex.24, to resist that application and to get the ad-interim order vacated. In that reply, certain contentions were raised which, according to the plaintiffs, amounted to praying for revocation of the patent. According to the plaintiffs, it was a counter claim for revocation and, therefore, by virtue of proviso to Section 104 of the Patent Act read with Section 64 of the said Act, the suit was required to be transferred to the High Court by the Court below. The plaintiffs, therefore, tendered application Ex.47 seeking the relief of transfer of the suit. The said application was strongly objected to by the defendants and the Trial Court, after considering rival side contentions, rejected the plaintiffs' application for transfer of the suit by order dated January 9, 2001.

2. Aggrieved by the said order, the plaintiffs have preferred this revision application under Section 115 of the Code of Civil Procedure.

3. Learned counsel, Mr. B.J. Shelat, appearing with Mr. Y.J. Trivedi, submitted that the Court below has committed a jurisdictional error by not transferring the suit to the High Court. In support of his say, Mr. Shelat submitted that there is no dispute about the plaintiffs' holding a registered patent in respect of a process. The patent was granted by the Controller of Patents after following due procedure. He submitted that, the Court below has misread and misinterpreted the affidavit in reply filed by the defendants at Ex.24. In the affidavit in reply, the defendants have come with a specific case of improper grant of patent and their intention of going for revocation of the patent granted to the plaintiff. The Trial Court, in the impugned order, has observed that the defendants have no intention to make any counter claim for revocation of the patent of the plaintiffs before this Court and if the defendants want to make the counter claim, then it must be specifically stated so in the affidavit in reply, otherwise the counter claim would not be in conformity with Rule 6B of Order 8 of the Code of Civil Procedure. Mr. Shelat submitted that this is an error committed by the Court below. He submitted that only those provisions

of the Code of Civil Procedure are to be read which do not go contrary to the special Act, namely, the Patents Act. Mr. Shelat submitted that Section 104, 107, 108 and 116 are to be read with Section 64, which would indicate that if, in substance, the dispute between the parties is regarding improper grant of patent or revocation of such patent, the jurisdiction lies only with the High Court and when the defendants have expressly indicated their intention in the affidavit in reply of moving an appropriate application for revocation of the patent, the Court ought not to have taken a technical view of the matter, stating that no such application has been made. For counter claim, no form is prescribed and no specific nomenclature is required to be given to the defence taken by the defendants. Whether it is a written statement or an affidavit in reply, in substance, it divulges the defence of the party and it should have been accepted to be covered under the provisions of Section 104 of the Patents Act. That having not been done, the Court below has committed error in not transferring the suit.

3.1 Mr. B.J. Shelat submitted that it would amount to duplication of proceedings and lengthening the dispute between the parties. He places reliance on two unreported judgments of this Court. The first was rendered on February 6, 1964 in First appeal No.772 of 1960 (Coram: V.B. Raju, J.). The other being a judgment in Appeal from Order bearing No.19 of 1991 rendered on the 4th April, 1991 (Coram: K.G. Shah, J.). Mr. B.J. Shelat also relied on the decision of the Allahabad High Court in Fabcon Corporation Inc. v. Industrial Engineering Corporation, AIR 1987 All. 338.

4. Mr. P.M. Thakkar, learned Senior Counsel, with permission of this Court, addressed this Court on the question involved. He submitted that the judgments rendered by K.G. Shah, J. referred to by Mr. Shelat, in fact, is not applicable to the facts of the case. According to Mr. Thakkar, this judgment takes a contrary view than the one taken by V.B. Raju, J. and, therefore, it ought to have been referred to a larger Bench. That having not been done, this judgment is not a good law and this Court may consider the question of referring these two judgments to either a Division Bench or a Larger Bench.

4.1 Mr. Thakkar further contended that considering the provisions contained in Sections 64, 107 and 116 of the Patents Act, there is a complete bar for considering the question of patent by a District Court and,

therefore, the Court below ought to have transferred the suit to this Court. Mr. Thakkar submitted that, if the order passed by the Trial Court is allowed to stand, a situation may arise when two different Courts would be deciding two litigations between the same parties for same cause of action which would lead to many legal complications and multiplicity of proceedings. Mr. Thakkar submitted further that constructive resjudicata would be applicable to the defendants and, ultimately, the suit will have to be transferred to the High Court and, therefore, instead of having multiple proceedings consuming time of different Courts, interest of justice requires that the matter is directed to be transferred to this Court.

4.2 Mr. Thakkar submitted that the Court below has placed reliance on provisions contained in Order VIII, Rule 6B. But, in fact, Rule 6B does not deal with the question of counter claim, in substance. Rule 6A of Order VII will have to be considered for considering the questions relating to counter claims. Mr. Thakkar submitted that the order of the Court below, therefore, is erroneous in law and, therefore, may be set aside.

5. In reply to the contentions raised on behalf of the revisioners, learned Senior Counsel, Mr. S.N. Shelat, submitted that if the provisions of the Code of Civil Procedure and the Patents Act are seen, it would be very clear that Section 104, 107 and 108 would be applicable. He submitted that the suit before the Trial Court is only at a stage of hearing of the interim injunction application. He submitted that, if proviso to Section 104 is read, it deals with a counter claim for revocation. What is counter claim is indicated in Order VIII. He submitted that the C.P.C. defines pleadings to mean plaint or written statement. He submitted that reply to the suit is the written statement. In the instant case, a reply affidavit only is filed to contest the interim injunction application. It cannot be considered as a reply to the suit. He submitted that there is no provision for interim injunction application in the Patents Act and, therefore, the provisions of C.P.C. would be applicable for considering such matters. Mr. Shelat submitted that an attempt is made on part of the plaintiffs to delay the proceedings and thereby have continuance of the ex-parte order obtained from the Court below. Mr. Shelat submitted that Rule 6A of Order VIII does not provide for reply to interim injunction. If the entire provision is read, it does not contemplate a written statement. A separate counter claim is contemplated in this provision. He submitted that the

decisions relied upon by the revisioners deal with cases where contentions were raised in the written statement. He has drawn attention of this Court to the provision of the Limitation Act and has relied on the decision of the Karnataka High Court in the case of Javarasetty v. Smt. Ningamma, as reported in A.I.R. 1992 Karnataka 160.

6. Mr. Mihir Thakore, learned Senior Counsel appearing in the matter, submitted that, Ex.24 before the Trial Court is only an affidavit in reply at a preliminary stage of hearing interim injunction application and it cannot be considered as pleading. At the stage of hearing of interim injunction application, it is not possible to adduce evidence and, therefore, evidence in nature of affidavit is produced and is considered by the Court and, therefore, Ex.24 is only a piece of evidence in nature of affidavit and not a written statement.

6.1 Mr. Thakore submitted further that, if Ex.24 is not a written statement, it is not a pleading and, therefore, there is no question of considering it as a counter claim. He relied on the decision of the Supreme Court in Food Corporation of India v. Yadav Engineer and Contractor, AIR 1982 SC 1302.

6.2 Mr. Thakore submitted further that the plaintiffs' action is not bona fide and insistence for transfer of the suit to this Court is also not bona fide. He submitted that the plaintiff has preferred an identical suit before the City Civil Court at Ahmedabad against another defendant, wherein the defendant, in affidavit in reply, has come with a specific case pleading and praying for revocation of the plaintiffs' patent. In that suit, the plaintiff, in affidavit in rejoinder, has stated that affidavit in reply is not a pleading and cannot be considered as a counter claim whereas a contrary argument is advanced here with a view to delaying the proceedings.

6.3 Mr. Thakore submitted further that, if what is contended is accepted and if that hypothesis is extended further, a situation may be contemplated where the suit may be withdrawn. If the suit is withdrawn, can it be said that the defendants would be entitled to pursue their case of "counter claim" as contemplated? Contemplating a different situation, if the written statement is not filed by the defendants, would a decree not be passed in favour of the plaintiffs against the defendants? He, therefore, urged that it would be inappropriate to disturb the order.

7. In reply to the contentions raised, Mr. P.M. Thakkar, learned Senior Counsel, submitted that a suit pending in City Civil Court ought not to have been cited or relied upon by the other side. This may prejudice the Court. Mr. Thakkar submitted that the decision rendered by this Court (Coram: K.G. Shah, J.) has not considered the provisions of Section 116 of the Patents Act and, therefore also, it would not be applicable here. He submitted that when two contrary views are taken by two different Benches with equal strength, it would be better, if the matter is referred to the Larger Bench. He submitted that hypar technicalities may not be permitted to hold the ground as against the settlement of disputes in substance.

8. Having regard to the contentions raised before this Court, the Court is required to mainly address the question whether in a suit for infringement of patent, when only an affidavit in reply to interim injunction application is filed indicating intention on part of the defendants to take steps for revocation of patent granted to the plaintiffs, can it be said that it is a counter claim as contemplated under Section 104 of the Patent Act?

8.1 For this purpose, firstly, the provisions as contained in the Patents Act will have to be perused. Section 104 of the Patents Act provides that no suit for declaration under Section 105 or for any relief under Section 106 for the infringement of patent shall be instituted in any Court inferior to a District Court having jurisdiction to try the suit. It is, however, provided in the proviso thereto that where a counter claim for revocation of the patent is made by the defendant, the suit along with the counter claim shall be transferred to the High Court for decision. It is under this provision that the application in question was preferred before the Trial Court. It is contended that, if Section 107 of the said Act is seen, it provides for the defences in the suit for infringement. It provides that every ground provided in Section 64 would be available as a ground for defence in any suit for infringement of a patent.

8.2 Section 108 provides for relief in the suit for infringement wherein it is provided that in a suit for infringement, an injunction or damages or account for profits may be granted by the Court. It is contended that, therefore, ultimately, if the suit is allowed, the relief that would be granted would be in these terms.

8.3 As per Section 116 of the Act providing for appeals, the appeal lies with the High Court against the order granting patent that may be passed by the Controller of Patents. It is, therefore, contended that, if the defences are available as stated in Section 64, ultimately, if the Court passes a decree in favour of the defendants on basis of the counter claim in an infringement suit, it would be granting a relief that can be granted only by the High Court and, therefore also, it would not be proper to retain the suit at the District Court.

9. With these provisions, if the provisions contained in C.P.C. are seen, Order VI, Rule 1 defines "pleadings" as under :-

"1. 'Pleading' shall mean plaint or written statement."

9.1 Order VII, Rule 1 of C.P.C. defines "written statement" as under :-

"Written statement.

1. The defendant shall at or before the first hearing or within such time as the court may permit, which shall not be beyond thirty days from the date of service of summons on the defendant, present a written statement of his defence."

9.2 Order VIII, Rule 6A, clause (1) provides that a defendant in a suit may, in addition to his right of pleading a set-off under rule 6, set up by way of counter-claim against the claim of the plaintiff, a right or claim in respect of a cause of action accruing to the defendant against the plaintiff either before or after the filing of the suit but before the defendant has delivered his defence or before the time limited for delivering his defence has expired, whether such counter-claim is in the nature of a claim for damages or not. Clause (2) provides that such counter-claim shall have the same effect as a cross-suit so as to enable the Court to pronounce a final judgment in the same suit, both on the original claim and on the counter-claim. Clause (3) provides that the plaintiff shall be liberty to file a written statement in answer to the counter-claim of the defendant within such period as may be fixed by the Court.

9.3 Rule 6B provides that where any defendant seeks

to rely upon any ground as supporting a right of counter-claim, he shall, in his written statement, state specifically that he does so by way of counter-claim.

10. Now, with these provisions, if the record is perused, it is undisputed that the defendants have not filed a written statement in the matter in reply to the suit. What is filed before the Trial Court is a reply affidavit to the interim injuntion application. It is also undisputed that the defendants have not preferred a formal separate counter claim as contemplated under Order VIII, Rule 6A of C.P.C.

10.1 It was much argued that if the contents of this affidavit is seen, it clearly indicates that the defendants have an intention of filing a counter claim for revocation of the plaintiffs' alleged patent number 183097. A contention regarding lack of novelty in the plaintiffs' alleged claim of patent has also been taken and an averment is made to indicate that the patent granted is invalid. It is, however, categorically stated in paragraph 2 that the affidavit is filed for the limited purpose of showing cause as to why ex-parte order of injunction granted needs to be vacated. Right to file a further affidavit and/or written statement in the suit and counter claim against the plaintiffs for revocation of the patent granted to the plaintiffs appears to have been reserved.

11. It would be interesting to note that, in the affidavit in rejoinder filed by the plaintiffs-revisioners herein in paragraph 4, it is contended as under :-

> "It is very clear from the proceedings of the defendants that till date they have not filed any counter claim nor petition for revocation of the patent and, therefore, the ground raised herein in the reply is not available to the defendants because validity cannot be examined by this Hon'ble Court.....
> Regarding ground of validity, no doubt the defendants have taken a contention that they are going to file necessary petition challenging the validity before appropriate forum and till that is filed and decided by the competent authority, this Honourable Court is required to consider the validity of a patent in favour of the plaintiffs and, therefore, injunction application is required to be allowed by this Honourable Court."

11.1 In paragraph 10 of the affidavit in rejoinder, it is stated as under :-

> "...I further submit that the plaintiffs reserve their right to file further comments as and when the defendants shall file written statement or counter statement for the revocation of the plaintiffs' patent...."

11.2 In paragraph 29 of the affidavit in rejoinder, it is averred :

> "...I further submit that the defendants have not filed any revocation petition to the plaintiffs' patent as required under law." (emphasis supplied)

12. In the above stated fact situation, it is not possible to accept the contention raised by the revisioner. If Rule 6A of Order VIII, C.P.C. is seen, it provides for filing of counter claim prior to the filing of the written statement. Differently put, it contemplates a formal and separate counter claim other than written statement. No such counter claim is preferred. Therefore, one is required to examine Rule 6B, where a counter claims is contemplated not separately but in the written statement. Admittedly, no written statement is filed. Therefore, the contention regarding the transfer of suit under the proviso to Section 104 of the Patent Act under which the application was tendered before trial Court cannot be accepted. The proviso specifically provides that where a counter claim for revocation is made by the defendants, the suit along with the counter claim shall be transferred to the High Court for decision. In absence of any independent counter claim or a counter claim raised in the written statement, (as there is no written statement filed), it cannot be said that the defendants pleaded counter claim. What is before the Trial Court is an affidavit in reply to interim injunction application and it cannot be considered as a pleading in light of the definition of pleading as provided in Order VI, Rule 1.

13. Now, to consider the contentions raised regarding the applicability of Rule 6B of Order VIII, of C.P.C., it may be noted that this Court in Appeal from Order No.19 of 1991, by judgment dated 4.4.1991, has had an occasion to consider this situation and it was held that after amendment of C.P.C. in 1976, the provisions as regards counter claim have been inserted in Order VIII and newly added Rule 6A of the said Order provides for making

counter claim. After considering the earlier judgment rendered by this Court in First Appeal No.772 of 1960 dated 6.2.1974 (V.B. Raju, J.), it was held that the said judgment, now, would not be applicable as the said judgment was rendered prior to the amendment of C.P.C. and on the basis of the fact that there is no provision in C.P.C. for counter claim, but only provides for claiming set off and, therefore, the judgment cannot hold the field. It has been submitted that, in view of these two different judgments, the matter may be referred to a Larger Bench. However, on going through these two judgments, this Court does not deem it necessary to refer this matter to a Larger Bench as the latter judgment (judgment of K.J. Shah, J.) has taken into consideration the judgment in First Appeal No.772 of 1960 and the new amended proviso. It may be noted here that the Patents Act does not provide for any relief in the form of interim injunction and the application before the Trial Court was under Order XXXIX of C.P.C. Naturally, the proceedings would be governed by C.P.C. as they exist and applicable. The suit is filed after the amendment of C.P.C. and the order is rendered while the C.P.C. is in force. C.P.C., in general, governs the proceedings in Civil Courts and, therefore, it is not possible to accept the argument that, had the Legislature thought it proper to apply the provisions of C.P.C. to such proceedings, it would have categorically stated so. For this purpose, it is argued that the Patents Act provides that certain provisions of C.P.C. would be applicable. It is also contended that the new proposed bill of 1999 amending the Patents Act also does not provide for any proviso.

14. In view of the above, when there is no specific provision in the Patents Act for injunction and when the Court is faced with such injunction application, then the provisions of the C.P.C. would be applicable. Patents Act does not define "written statement" or "counter claim". Under the circumstances, these terms will have to be attached the same meaning and interpretation as provided in C.P.C.

15. It is also not possible to accede to the request for referring it to the Larger Bench for the reason that this Court is in agreement with the observations and findings made in the earlier judgment dated 4.4.1991 in Appeal from Order No.19 of 1991, for the reasons stated above.

16. It requires further to be noted that in both the cases, the written statement was filed, whereas in the instant case, written statement is not filed and no

pleadings are there from the defendants' side. In absence of pleadings in the written statement and in absence of a separate counter claim, it cannot be said that the defendants are coming with the counter claim as contemplated under Section 104 of the Patents Act or that the suit requires to be transferred therefore.

17. The anomaly that is apprehended by the revisioner is that, if ultimately the defendants' counter claims is allowed on aspect of invalidity, it would be not in consonance with the provisions of Section 116 of the Patents Act, which provides appeal only before the High Court against the order of the Controller of Patents. The anomalous situation apprehended by the plaintiffs/revisioners would not survive in view of the fact that the moment a counter claim is made, the suit would be governed by the proviso to Section 104. At this stage, when the written statement is not there, it could not have been said that the defendants are coming with a counter claim and that the suit is required to be transferred therefore. The defendants have not made any counter claim for revocation of the plaintiffs' patent and have merely declared their intention to file a suit for revocation of the patent of the plaintiffs. The proviso to Section 104 can be brought into play only when, in fact, there is a counter claim. In anticipation of an action, such provision cannot be brought into play, since proviso to Section 104 of Patents Act only contemplates a "counter claim" and not intention to prefer a counter claim or a proposed or anticipated counter claim.

18. This Court does not find any jurisdictional error committed by the Court below nor it is brought to the notice of this Court. With the limited scope of jurisdiction under Section 115 of C.P.C., this Court is not inclined to exercise revisional jurisdiction and disturb the order of the Court below for the reasons stated above.

19. In Fabcon Corporation Inc. v. Industrial Engineering Corporation, reported in AIR 1987 Allahabad 338, it has been observed that the defendant having not asserted in the pleading that they are the patentee or that they are entitled to be registered as such, the grounds raised are cumulatively and also individually by way of defence to the plaintiffs action and, therefore, it cannot be taken as a counter claim for revocation and the jurisdiction of the District Court was not ousted.

20. Mr. Thakore relied on the decision in the case

of Food Corporation of India v. Yadav Engineer and Contractor, AIR 1982 SC 1302, where, in an arbitration proceeding, it was held that the term "taking any other steps in the proceedings" appearing in Section 34 of the Arbitration Act, 1940 does not include each and every step. At the stage where the defendant is contesting interlocutory orders or filing application for setting aside an ex-parte interim injunction, it cannot be said that it was a step in the proceedings. It was observed that "filing of a written statement" is an expression that has to be construed ejusdem generis with the specific provision just preceding to bring out the ambit of the latter and, therefore, unless the step alleged to have been taken by the party seeking to enforce arbitration agreement is such as would display an unequivocal intention to proceed with the suit and acquiesce in the method of resolution of dispute adopted by the other party, namely, filing of the suit and thereby indicate that it has abandoned its right under the arbitration agreement to get the dispute resolved by arbitration, any other step would not disentitle the party from seeking relief under Section 34. Contesting the application for interim injunction or for appointment of a receiver or for interim relief by itself without anything more would not constitute such step as would disentitle the party to an order under Section 34 of the Act.

21. If the contention raised regarding Section 116 is accepted that only the High Court is entitled to disturb the order of the Controller granting a patent and if the suit is permitted to be tried by District Court and if the decree is passed in respect of the contention regarding invalidity of the patent, it would amount to allowing the District Court to exercise the powers which are only vested with the High Court, it may be noted that, as discussed earlier, in such eventuality, proviso to Section 104 would come into play and such anomaly may not arise. On the contrary, if the argument advanced is accepted, it would, ultimately, result into a situation where the provision granting jurisdiction to the District Court for trying patent infringement suits would become redundant. It may also be noted that, at this stage, the defendants have only expressed their intention of making counter claim and possibility of their changing the stand still survives. Proviso to Section 104 does not contemplate such situation, but only contemplates a situation where, in fact, the counter claim is made and, therefore, this revision application cannot be entertained and must fail.

22. In view of the above discussion, the revision application is dismissed. No costs.

[A. L. DAVE, J.]

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